

COMPREHENSIVE
ANNUAL
FINANCIAL REPORT
OF THE
NEVADA COMMUNITY SCHOOL
DISTRICT
Nevada, Iowa

For the fiscal year ended
June 30, 2007

OFFICIAL ISSUING REPORT
Brian Schaeffer
District Secretary/Treasurer

OFFICE ISSUING REPORT
Business Office

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Introductory Section



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December 31, 2007

Members of the Board of Education
School Patrons
Nevada Community School District
Nevada, Iowa

The comprehensive annual financial report (CAFR) of the Nevada Community School District (the "District") for the fiscal year ended June 30, 2007, is hereby submitted as mandated by Chapter 11 of the Iowa Code. This statute requires that the District issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report.

Management Responsibility

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and account groups of the District. It includes the entire District. The District is not included in any other reporting entity, nor are any other entities included within this report. All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

CAFR

The comprehensive annual financial report is presented in the following three sections:

- The **introductory section**, which is unaudited, includes this letter of transmittal, a list of the Board of Education, a list of principal District officials and an organizational chart.
- The **financial section** includes the District's financial statements and schedules, presented in accordance with the financial reporting pyramid set forth by the Governmental Accounting Standards Board. The financial section consists of the independent auditor's report, Management's Discussion and Analysis, audited basic financial statements, required supplementary information, and combining and individual fund statements and schedules.
- The **statistical section**, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

Reporting Entity

This report includes all funds and account groups of the Nevada Community School District. The

District provides a full range of services including instructional, administrative, transportation, food service, maintenance of sites and facilities, clerical, and co-curricular.

The District is governed by a five-member elected Board of Education who serve three-year terms. The Board of Education is a policy-making and planning body whose decisions are carried out by school administrators. The enrollment of the District is approximately 1,559 students, the 63rd largest school district in Iowa. The District operates a high school, a middle school, and an elementary school. The District provides a full range of educational services appropriate to students in early childhood and grades kindergarten through twelve. These services include basic, regular and enriched academic education, special education for children with special needs, vocational education, and individualized programs such as specialized instruction for students at-risk.

The District is supported financially by state aid, property taxes, state, and federal grants for special projects, and local revenue received for tuition and other services.

Economic Condition and Outlook

The District is located in central Iowa and enjoys a favorable economic environment. Nevada is the county seat of Story County and is located close to the major Iowa cities of Ames and Des Moines, both sources of employment for citizens of the District. Nevada has an economic development council which employs a full-time director. This council has developed commercial and light industrial parks on the west and southeast sides of Nevada which has attracted many new businesses.

Story County's 2006 population was estimated at 80,145. This was an increase of 5,900 residents over the 1990 census figure. Story County's unemployment rate of 3.3% compares favorably to the state's average rate of 3.8%. There are no indications that overall employment in Nevada will experience any decline.

Major Initiatives

The Board of Education continued with plans for expansion and improvement of school facilities. The Central Elementary complex was renovated during the 2006-07 school year. This process begun when voter-approved General Obligation bonds were issued on June 27, 2006. These bonds were issued to renovate the existing portions of the building built in 1966 and 1987, including the 1936 gymnasium. Final completion of this renovation was expected towards the end of the 2007 calendar year. Students moved into the new sections of the Central Elementary complex completed from the first project which added classrooms to the west and south sides of the complex.

A community committee came forward with a proposal to construct an auditorium with its proximity near the High School site. The Josephine Tope Trust Committee approved funds towards planning for an auditorium.

The Board placed renewal of the ten-year Physical Plant and Equipment Levy on the September 2006 ballot. This renewal passed by a 79% margin.

The Board completed a full review of all written Board policies during the 2006-07 school year. This ended a three-year long process.

The District noted that early childhood legislation had passed which includes state-wide preschools for four-year-old children. Each child is to have at least ten hours of instruction each week and classes must be taught by a certified teacher with an endorsement for preschool instruction. Applications for a grant to conduct this program were due to the State on July 1, 2007. Parents of 75 four-year-old students had come forward with interest in the program.

The District placed 19th in the state for advanced placement during the 2006-07 school year. Seventy-two students took the advanced placement test. Over five years, the advanced placement courses at the High

School have evolved from mostly on-line courses to "live" instructors with only eight students taking courses on-line.

The Board approved a memorandum of understanding with the City of Nevada to partner in the School Resource Officer Program for one year. The School Resource Officer will have office space in the school and be available as needed by the District.

Internal Control

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that its assets are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. To monitor the adequacy of internal controls, independent auditors review internal control procedures as a part of their examination of financial records at year-end.

Budgetary Controls

The District also maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Activities of the general fund, special revenue funds, debt service fund, capital projects fund, enterprise fund and expendable trust funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by program level for all funds combined rather than at the individual fund level.

Annually, the District's Board of Education adopts a budget and approves the appropriations for the general fund, special revenue funds, capital projects fund, debt service fund, enterprise fund, and expendable trust funds in accordance with provisions outlined in the Statutes of the State of Iowa. The budgets prepared on a cash basis list estimates of receipts and disbursements.

Basis of Presentation

The charts and accounts used by the District have been prepared in conformity with generally accepted accounting principles by the Governmental Accounting Standards Board and *Audits of States, Local Governments and Non-Profit Organizations* issued by the American Institute of Certified Public Accountants. In addition, the District's accounting records conform to the Uniform Accounting System for Iowa Schools and Area Educational Agencies issued by the Department of Education, State of Iowa. The District is in full compliance with these requirements.

Financial Profile

As demonstrated by the statements and schedules included in the financial section of this report, the District is meeting its responsibility for sound financial management. One way this is accomplished is by adoption of a line-item budget by the Board of Education. This budget and the actual expenditures are then reviewed by the superintendent and business manager on a monthly basis and by the Board of Education on a quarterly basis.

Most District functions are financed through the governmental fund types, which include the general, special revenue, debt service and capital project funds. Please see the Management's Discussion and Analysis in the Financial Section of this report for detailed information.

Cash Management

Cash, while temporarily idle during the year, was invested in certificates of deposit or allowed to earn the competitive rate of interest by being held in interest-bearing checking accounts. The overall interest rates during the year stabilized and actually rose slightly. Interest on investments resulted in earnings of \$154,609, excluding interest from Capital Project funds of \$217,920, as of June 30, 2007.

Risk Management

The District currently covers property, liability, and workers' compensation losses with traditional insurance coverage through the Iowa Association of School Boards' group plan carried by EMC Insurance Companies. Wellmark Blue Cross Blue Shield of Iowa carries the group health plan and Assurance Employee Benefits carries the long-term disability plan.

Independent Audit

The accounting firm of Nolte, Cornman & Johnson, P.C. of Newton, Iowa, was selected to perform the annual audit in accordance with Chapter 11 of the Code of Iowa. The auditor's report on the general purpose financial statements, combining and individual fund statements and other schedules is included in the financial section of this report.

Certificate of Excellence in Financial Reporting

The Association of School Business Officials (ASBO) awards the Certificate of Excellence in Financial Reporting. The Nevada Community School District received this certificate for the sixth time in six years for its comprehensive annual financial report for the fiscal year ending June 30, 2006. The certificate is a prestigious national award, recognizing conformance with the highest standards for preparation of government financial reports.

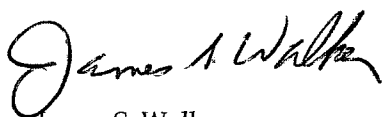
In order to be eligible to receive the certificate, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

The certificate is valid for a period of one year only. We believe that our current CAFR conforms to the requirements for this award and therefore, we are submitting it to ASBO to determine its eligibility for this certificate.

Acknowledgement

The preparation of this report could not have been accomplished without the cooperation of all District departments. Thanks should also be given to the Board of Education for providing the resources necessary to complete this report.

Respectfully submitted,



James S. Walker
Superintendent



Brian Schaeffer
Board Secretary/Treasurer/Business
Manager

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

NEVADA COMMUNITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2006

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

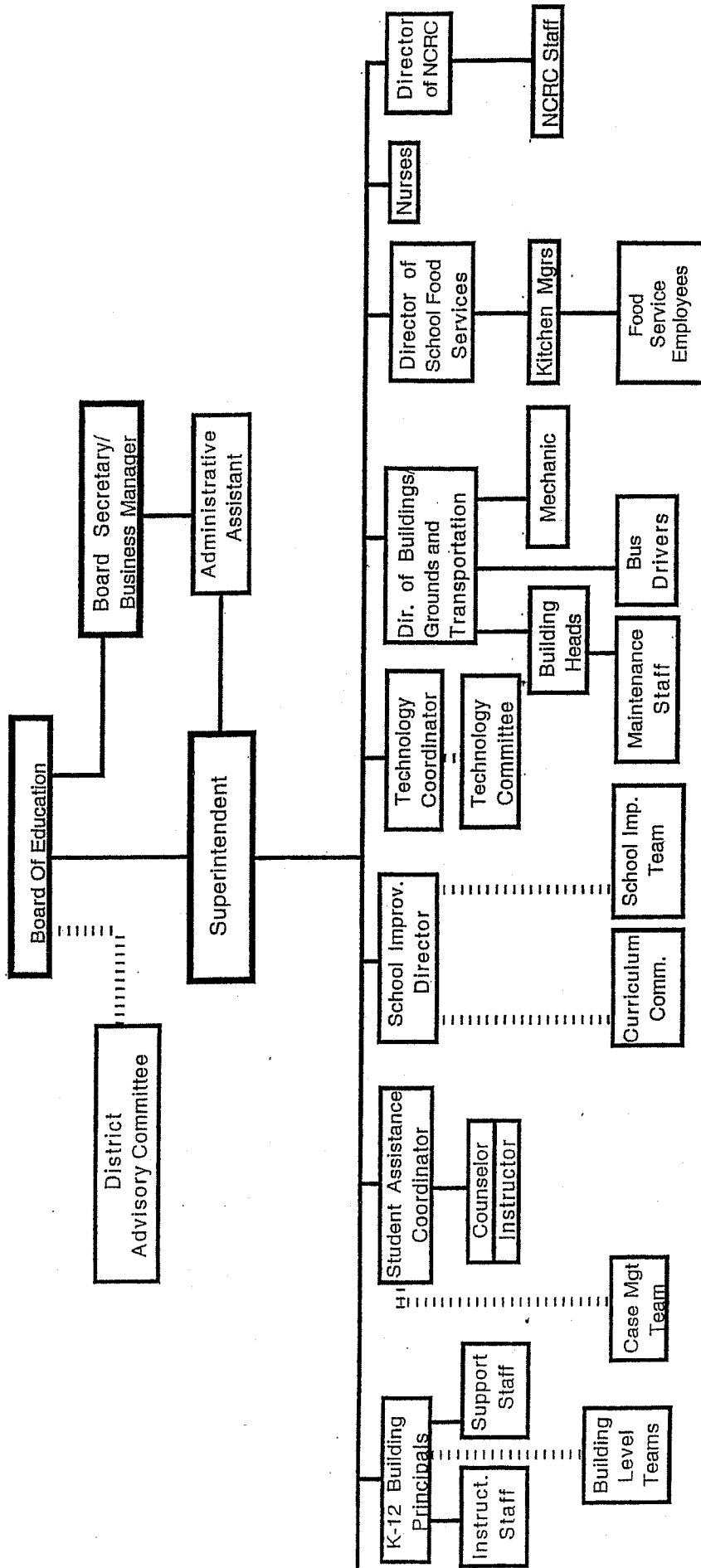
President

Executive Director

NEVADA COMMUNITY SCHOOL DISTRICT

Nevada, Iowa

ORGANIZATIONAL PLAN



— Line of Authority
 - - - - - Line of Cooperation

Nevada Community School District
Board of Education and School District Administration

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2006 Election)		
Marty Mortvedt	President	2007
Jim Niblock	Vice President	2006
William Van Sickle	Board Member	2006
Curt Hoff	Board Member	2007
Marcia Engler	Board Member	2008
<u>Board of Education</u>		
(After September 2006 Election)		
Marty Mortvedt	President	2007
Jim Niblock	Vice President	2009
Curt Hoff	Board Member	2007
Marcia Engler	Board Member	2008
David Laird	Board Member	2009
<u>School Officials</u>		
James Walker	Superintendent	2007
Raphael Murray	Principal, Nevada High School	2007
Christine Schmidt	Principal, Nevada Middle School	2007
Kathy Goecke	Principal, Central Elementary School	2007
David McCaulley	Assistant Principal and Activities Director, Nevada High School	2007
Nancy Port	School Improvement Director	2007
Brian Schaeffer	Board Secretary/Treasurer and Business Manager	2007
Margaret Ann Malvern	Director, Technology	2007
Richard Scott	Director, Maintenance & Transportation	2007
Diana Weber	Director, Food Service	2007
Ron Peeler	Attorney	Indefinite
Kathy Skinner	Attorney	Indefinite

Financial Section

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Nevada Community School District:

We have audited the accompanying financial statements of governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Nevada Community School District, Nevada, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Nevada Community School District at June 30, 2007 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 21, 2007 on our consideration of the Nevada Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be considered in assessing the results of our audit.

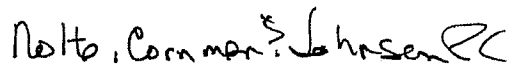
The Management's Discussion and Analysis and budgetary comparison information on pages 12 through 18 and 45 through 46 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Nevada Community School District's basic financial statements. The combining and individual fund financial statements and schedules, are presented for purposes of additional analysis and are

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not a required part of the basic financial statements of Nevada Community School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying statistical section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. This information has not been subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.


NOLTE, CORNMAN & JOHNSON, P.C.

December 21, 2007

NEVADA COMMUNITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management has prepared the following discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2007 in order to enhance the readers' understanding of the District's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net assets for governmental activities were \$9,737,578 at June 30, 2007 compared to \$7,679,343 at June 30, 2006, an increase of 26.80%.
- At the end of the current fiscal year, unreserved fund balance in the general fund was \$752,162 or 5.97% of total general fund revenues compared to prior years unreserved fund balance of \$526,670 or 4.49% of total general fund revenues.
- Work began on the Central Elementary renovation during the school year.
- The renewal of the ten-year Physical Plant and Equipment Levy received voter approval.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Nevada Community School District's basic financial statements.

The Basic Financial Statements include two types of statements that present different views of the District's finances. The first is the government-wide statements. These statements are presented on a full accrual basis of accounting and include the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets includes all of the District's assets and liabilities. Assets and liabilities are classified in the order of relative liquidity for assets and due dates for liabilities. This statement provides a summary of the District's investment in assets and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement. The Statement of Activities summarizes the District's revenues and expenses for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

The second type of statement included in the basic financial statements is the fund financial statements, which are presented for the Board's governmental funds and proprietary fund. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. Because a different basis of accounting is used in the government-wide statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statement provides information about the District as an economic unit while the fund financial statements provide information on the financial resources of the District's funds. The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. earned but unused vacation leave).

Government-wide statements

The government-wide financial statements report information about the District as a whole using the accounting methods similar to those used by private-sector companies. The Statement of Net Assets

includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is paid or received.

These two government-wide statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the Board's financial health or position.

- Over time, an increase or decrease in the District's net assets may indicate whether its financial position is improving or deteriorating.
- To assess the District's overall financial health, one needs to consider additional non-financial factors such as changes in the condition of its school buildings and other physical assets.

The District's activities are divided into two categories on the government-wide statements:

- Governmental activities: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Local funding, as well as state and federal aid, finances most of these activities.
- Business-type activities: The District charges fees to cover the costs of certain services it provides. School food service is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant funds and not the District as a whole. Funds are accounting devices the Board uses to keep track of specific sources of funding and spending on particular programs.

The District has three types of funds:

Governmental funds: Most of the District's basic services are included in the governmental funds, which generally focus on two things – how cash and other assets can readily be converted to cash flows in and out and the balances remaining at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near term to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds, in the form of a reconciliation, explains the relationship (or differences) between them.

Proprietary Fund: Services for which the District charges a fee are generally reported in the proprietary fund. The proprietary fund statements are reported on the same basis of accounting as the government-wide statements – full accrual. The District has one proprietary fund – the School Nutrition Fund.

Fiduciary funds: The District is the trustee, or fiduciary, for assets that belong to others. The fiduciary fund statements are reported on the same basis of accounting as the government-wide statements – full accrual. These funds include Private-Purpose Trust and Agency funds.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets are an indicator of the fiscal health of the District. The District's net assets were \$9,875,846 at June 30, 2007 compared to \$7,767,948 at June 30, 2006. (See Table 1).

Table 1
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2007	2006	2007	2006	2007	2006	2006-07
Current and other assets	\$ 11,421,828	13,947,694	130,388	86,426	11,552,216	14,034,120	-17.68%
Capital assets	14,722,460	10,988,136	66,718	57,531	14,789,178	11,045,667	33.89%
Total assets	26,144,288	24,935,830	197,106	143,957	26,341,394	25,079,787	5.03%
Long-term obligations	10,020,170	6,166,134	0	0	10,020,170	6,166,134	62.50%
Other liabilities	6,386,540	11,090,353	58,838	55,352	6,445,378	11,145,705	-42.17%
Total liabilities	16,406,710	17,256,487	58,838	55,352	16,465,548	17,311,839	-4.89%
Net assets:							
Invested in capital assets, net of related debt	5,686,850	6,676,587	66,718	57,531	5,753,568	6,734,118	-14.56%
Restricted	2,988,643	266,512	0	0	2,988,643	266,512	1021.39%
Unrestricted	1,062,085	736,244	71,550	31,074	1,133,635	767,318	47.74%
Total net assets	\$ 9,737,578	7,679,343	138,268	88,605	9,875,846	7,767,948	27.14%

Invested in capital assets (e.g., land, buildings, machinery and equipment) plus unspent bond proceeds less any outstanding debt used to acquire those assets is \$5,753,568. These assets are not available for future spending since they represent capital assets used to provide services to students. The resources needed to pay the debt related to these capital assets must be provided from other resources. Approximately \$2,988,643 of net assets reflects amounts with external restrictions on how the funds may be used. The remaining balance of \$1,133,635 represents unrestricted net assets which may be used to meet the District's ongoing obligations. This surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having long-term commitments that are less than currently available resources.

The following table shows changes in net assets for the year ended June 30, 2007 compared to June 30, 2006.

Table 2
Changes of Net Assets

	Governmental Activities		Business-type Activities		Total		Total Change
	2007	2006	2007	2006	2007	2006	2006-07
Revenues:							
Program revenues:							
Charges for services	\$ 1,080,324	1,159,789	361,080	367,572	1,441,404	1,527,361	-5.63%
Operating grants and contributions and restricted interest	1,429,221	1,164,797	239,455	204,845	1,668,676	1,369,642	21.83%
Capital grants and contributions and restricted interest	19,940	0	0	0	19,940	0	100.00%
General revenues:							
Property tax	4,502,687	4,454,626	0	0	4,502,687	4,454,626	1.08%
Income surtax	405,401	370,595	0	0	405,401	370,595	9.39%
Local option sales and services tax	1,545,767	1,362,867	0	0	1,545,767	1,362,867	13.42%
Unrestricted state grants	6,419,498	6,020,105	0	0	6,419,498	6,020,105	6.63%
Other	460,300	289,468	3,867	2,591	464,167	292,059	58.93%
Total revenues	15,863,138	14,822,247	604,402	575,008	16,467,540	15,397,255	6.95%
Program expenses:							
Governmental activities:							
Instructional	8,819,553	8,566,639	0	0	8,819,553	8,566,639	2.95%
Support services	3,854,581	3,521,569	17,389	0	3,871,970	3,521,569	9.95%
Non-instructional programs	28,606	19,210	563,754	558,632	592,360	577,842	2.51%
Other expenses	1,102,163	2,144,179	0	0	1,102,163	2,144,179	-48.60%
Total expenses	13,804,903	14,251,597	581,143	558,632	14,386,046	14,810,229	-2.86%
Changes in net assets before other financing sources(uses)	2,058,235	570,650	23,259	16,376	2,081,494	587,026	254.58%
Other financing sources(uses)	0	13,948	26,404	(13,948)	26,404	0	100.00%
Changes in net assets	2,058,235	584,598	49,663	2,428	2,107,898	587,026	259.08%
Beginning net assets	7,679,343	7,094,745	88,605	86,177	7,767,948	7,180,922	8.17%
Ending net assets	\$ 9,737,578	7,679,343	138,268	88,605	9,875,846	7,767,948	27.14%

Property tax, income surtax, local option sales and services tax and unrestricted state grants account for 78.17% of the total revenue. The District's expenses primarily relate to instruction and support services which account for 88.22% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$15,863,138 and expenses were \$13,804,903.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Table 3
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2007	2006	Change 2006-07	2007	2006	Change 2006-07
Instruction	\$ 8,819,553	8,566,639	2.95%	\$ 6,778,364	6,676,408	1.53%
Support services	3,854,581	3,521,569	9.46%	3,828,749	3,515,045	8.92%
Non-instructional programs	28,606	19,210	48.91%	28,606	19,210	48.91%
Other expenses	1,102,163	2,144,179	-48.60%	639,699	1,716,348	-62.73%
Totals	<u>\$ 13,804,903</u>	<u>14,251,597</u>	<u>-3.13%</u>	<u>\$ 11,275,418</u>	<u>11,927,011</u>	<u>-5.46%</u>

- The cost financed by users of the District's programs was \$1,441,404.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,688,616.
- The net cost of governmental activities was financed with \$4,502,687 in property tax, \$405,401 in income surtax, \$1,545,767 in local option sales and services tax, \$6,419,498 in unrestricted state grants and \$460,300 in other income.

Business-Type Activities

Revenues and capital contributions of the District's business-type activities were \$630,806 and expenses were \$581,143. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2007, the District's net assets increased in the business-type activities by \$49,663.

Financial Analysis of the District's Funds

At the end of the fiscal year ended June 30, 2007, the District's governmental funds reported combined ending fund balances of \$4,777,824, a decrease of \$2,819,440 in comparison with the prior year. Of this amount, \$2,552,467 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Over the course of the year, the District amended its annual operating budget one time to reflect additional revenue and expenditures associated with the elementary building capital project activity. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for individual funds are not presented in the budgetary comparison on page 45.

The District's total actual receipts were \$916,463 more than the total budgeted receipts, a variance of 5.92%. The most significant change resulted in the District receiving more in local sources than originally anticipated.

Total expenditures were less than budgeted due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed the actual expenditures during the year.

Capital Asset and Debt Administration

Capital Assets

The District's invested in capital assets for its governmental and business type activities as of June 30, 2007, amounts to \$14,789,178 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, vehicles and equipment. Detailed information regarding the District's capital assets can be found in Note 6 of the notes to the basic financial statements.

Table 4
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2007	2006	2007	2006	2007	2006	2006-07
Land	\$ 282,244	282,244	0	0	282,244	282,244	0.00%
Construction in progress	3,217,508	6,535,365	0	0	3,217,508	6,535,365	-50.77%
Buildings	10,737,774	3,794,235	0	0	10,737,774	3,794,235	183.00%
Land improvements	258,887	250,840	0	0	258,887	250,840	3.21%
Machinery and equipment	226,047	125,452	66,718	57,531	292,765	182,983	60.00%
Total	\$ 14,722,460	10,988,136	66,718	57,531	14,789,178	11,045,667	33.89%

Long-Term Debt

At the end of June 30, 2007, the District had total long-term debt of \$10,020,170, a decrease of \$1,070,183 from the prior fiscal year. Of this amount, \$1,137,706 is due within one year. Detailed information regarding the District's long-term debt can be found in Note 7 of the notes to the basic financial statements.

Table 5
Outstanding Long-Term Obligations

	Total School District		Total Change
	2007	2006	
General obligation bonds	\$ 4,450,000	4,870,000	-8.62%
Revenue bonds	5,335,000	6,000,000	-11.08%
Capital loan notes	0	85,000	-100.00%
Capital lease obligations	218,989	91,489	139.36%
Early retirement	16,181	43,864	-63.11%
Totals	\$ 10,020,170	11,090,353	-9.65%

Economic Factors and Next Year's Budgets and Rates

- District enrollment increased in fiscal year 2007 by 12 students, or 0.8% of the enrollment of 1,547 in fiscal year 2006. District funding is highly dependent upon District enrollments. Future enrollment stability is a critical element in maintaining a sound financial foundation.
- The District continues to see increases in the cost of special education programs both in the District and outside of the District. Many students are tuitioned out of the District for special education programs. The current state funding mechanism in place for special education programs

recovers a program deficit by placing the burden on local property taxes. The District had the third highest tax levy in Story County during Fiscal Year 2007. Whether the District can continue to raise the local tax levy for any education program will be a future concern.

- The cost of fuel for transportation continue to rise. This affects both the cost of transporting students on a daily basis and the cost of goods delivered to the District. The future cost of fuel may negatively impact the District's finances.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact the District's Business Office.

Basic Financial Statements

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2007

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments	\$ 4,561,705	91,006	4,652,711
U.S. Treasury Securies on deposit with escrow agent	1,461,699	0	1,461,699
Receivables:			
Property tax:			
Delinquent	58,743	0	58,743
Succeeding year	4,502,045	0	4,502,045
Income surtax	369,920	0	369,920
Accounts	6,027	1,131	7,158
Accrued interest	30,730	0	30,730
Due from other governments	430,959	0	430,959
Inventories	0	38,251	38,251
Capital assets, net of accumulated depreciation(Note 6)	14,722,460	66,718	14,789,178
TOTAL ASSETS	26,144,288	197,106	26,341,394
LIABILITIES			
Accounts payable	663,716	10,312	674,028
Salaries and benefits payable	1,107,779	35,829	1,143,608
Interest payable	112,456	0	112,456
Deferred revenue:			
Succeeding year property tax	4,502,045	0	4,502,045
Other	544	0	544
Unearned revenue	0	12,697	12,697
Long-term liabilities(Note 7):			
Portion due within one year:			
Bonds payable	350,000	0	350,000
Revenue bonds payable	685,000	0	685,000
Capital lease payable	86,525	0	86,525
Early retirement payable	16,181	0	16,181
Portion due after one year:			
Bonds payable	4,100,000	0	4,100,000
Revenue bonds payable	4,650,000	0	4,650,000
Capital lease payable	132,464	0	132,464
TOTAL LIABILITIES	16,406,710	58,838	16,465,548
NET ASSETS			
Invested in capital assets, net of related debt	5,686,850	66,718	5,753,568
Restricted for:			
Talented and gifted	16,238	0	16,238
Additional teacher contract day	4,782	0	4,782
Professional development	14,651	0	14,651
Market factor	10,546	0	10,546
Phase II	2,198	0	2,198
Early intervention	14,979	0	14,979
Debt service	2,161,963	0	2,161,963
Capital projects	534,495	0	534,495
Physical plant and equipment levy	47,469	0	47,469
Other special revenue purposes	181,322	0	181,322
Unrestricted	1,062,085	71,550	1,133,635
TOTAL NET ASSETS	\$ 9,737,578	138,268	9,875,846

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2007

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities
Functions/Programs						
Governmental activities:						
Instruction:						
Regular instruction	\$ 5,888,191	531,420	863,841	0	(4,492,930)	0
Special instruction	1,605,799	118,603	77,224	0	(1,409,972)	0
Other instruction	1,325,563	428,338	21,763	0	(875,462)	0
	8,819,553	1,078,361	962,828	0	(6,778,364)	0
Support services:						
Student services	562,967	0	0	0	(562,967)	0
Instructional staff services	561,912	0	0	0	(561,912)	0
Administration services	1,074,906	0	0	19,940	(1,054,966)	0
Operation and maintenance of plant services	1,162,466	0	0	0	(1,162,466)	0
Transportation services	492,330	1,963	3,929	0	(486,438)	0
	3,854,581	1,963	3,929	19,940	(3,828,749)	0
Non-instructional programs	28,606	0	0	0	(28,606)	0
Other expenditures:						
Long-term debt interest	382,249	0	0	0	(382,249)	0
AEA flowthrough	462,464	0	462,464	0	0	0
Depreciation(unallocated)*	257,450	0	0	0	(257,450)	0
	1,102,163	0	462,464	0	(639,699)	0
Total governmental activities	13,804,903	1,080,324	1,429,221	19,940	(11,275,418)	0
Business-Type activities:						
Support services:						
Operation and maintenance of plant services	17,389	0	0	0	0	(17,389)
Non-instructional programs:						
Nutrition services	563,754	361,080	239,455	0	0	36,781
	581,143	361,080	239,455	0	0	19,392
Total	\$ 14,386,046	1,441,404	1,668,676	19,940	(11,275,418)	19,392
General Revenues:						
Property tax levied for:						
General purposes				\$ 3,778,248	0	3,778,248
Debt service				439,108	0	439,108
Capital outlay				285,331	0	285,331
Income surtax				405,401	0	405,401
Local option sales and services tax				1,545,767	0	1,545,767
Unrestricted state grants				6,419,498	0	6,419,498
Unrestricted investment earnings				375,139	3,867	379,006
Gain on sale of capital assets				2,839	0	2,839
Refund of prior year's expenditures				13,644	0	13,644
Miscellaneous				68,678	0	68,678
Total general revenues				13,333,653	3,867	13,337,520
Changes in net assets before other financing sources				2,058,235	23,259	2,081,494
Other financing sources:						
Capital contributions				0	26,404	26,404
Changes in net assets				2,058,235	49,663	2,107,898
Net assets beginning of year				7,679,343	88,605	7,767,948
Net assets end of year	\$			9,737,578	138,268	9,875,846

* This amount excludes the depreciation that is included in the direct expense of various programs.

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2007

	General	Capital Projects	Debt Service	Nonmajor Special Revenue	Total
ASSETS					
Cash and pooled investments	\$ 1,950,041	\$ 2,292,499	\$ 95,102	\$ 224,063	\$ 4,561,705
U.S. Treasury Securities on deposit with escrow agent	0	0	1,461,699	0	1,461,699
Receivables:					
Property tax					
Delinquent	46,083	0	5,562	7,098	58,743
Succeeding year	3,511,896	0	445,269	544,880	4,502,045
Income surtax	369,920	0	0	0	369,920
Interfund	0	0	0	126,907	126,907
Accounts	532	5,180	0	315	6,027
Accrued interest	30,730	0	0	0	30,730
Due from other governments	203,387	227,572	0	0	430,959
TOTAL ASSETS	\$ 6,112,589	\$ 2,525,251	\$ 2,007,632	\$ 903,263	\$ 11,548,735
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund payable	\$ 126,907	\$ 0	\$ 0	\$ 0	\$ 126,907
Accounts payable	125,987	422,377	400	114,952	663,716
Salaries and benefits payable	1,107,779	0	0	0	1,107,779
Deferred revenue:					
Succeeding year property tax	3,511,896	0	445,269	544,880	4,502,045
Income surtax	369,920	0	0	0	369,920
Other	544	0	0	0	544
Total liabilities	5,243,033	422,377	445,669	659,832	6,770,911
Fund balances:					
Reserved for:					
Debt service	0	600,000	1,561,963	0	2,161,963
Talented and gifted	16,238	0	0	0	16,238
Additional teacher contract day	4,782	0	0	0	4,782
Professional development	14,651	0	0	0	14,651
Market factor	10,546	0	0	0	10,546
Phase II	2,198	0	0	0	2,198
Early intervention	14,979	0	0	0	14,979
Unreserved:					
Designated for special purpose	54,000	0	0	0	54,000
Undesignated:					
General	752,162	0	0	0	752,162
Capital Projects Fund	0	1,502,874	0	0	1,502,874
Nonmajor Special Revenue Funds	0	0	0	243,431	243,431
Total fund balances	869,556	2,102,874	1,561,963	243,431	4,777,824
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,112,589	\$ 2,525,251	\$ 2,007,632	\$ 903,263	\$ 11,548,735

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

JUNE 30, 2007

Total fund balances of governmental funds(page 22)	\$ 4,777,824
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*Amounts reported for governmental activities in the
statement of net assets are different because:*

Capital assets used in governmental activities are not financial resources and, therefore, are not report as assets in in the governmental funds.	14,722,460
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Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(112,456)
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Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	369,920
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Long-term liabilities, including bonds payable, capital leases payable, capital loan payable and early retirement, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(10,020,170)</u>
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Net assets of governmentaI activites(page 20)	<u>\$ 9,737,578</u>
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SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2007

	General	Capital Projects	Debt Service	Nonmajor Special Revenue	Total
REVENUES:					
Local sources:					
Local tax	\$ 3,849,959	\$ 1,545,767	\$ 439,108	\$ 546,049	\$ 6,380,883
Tuition	570,688	0	0	0	570,688
Other	250,527	287,436	46,528	475,611	1,060,102
Intermediate sources	35,252	0	0	0	35,252
State sources	7,464,166	0	255	326	7,464,747
Federal sources	275,655	0	0	0	275,655
Total revenues	<u>12,446,247</u>	<u>1,833,203</u>	<u>485,891</u>	<u>1,021,986</u>	<u>15,787,327</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular instruction	5,747,101	0	0	155,377	5,902,478
Special instruction	1,605,199	0	0	600	1,605,799
Other instruction	954,593	0	0	370,970	1,325,563
	<u>8,306,893</u>	<u>0</u>	<u>0</u>	<u>526,947</u>	<u>8,833,840</u>
Support services:					
Student services	547,787	0	0	15,180	562,967
Instructional staff services	559,902	0	0	2,010	561,912
Administration services	958,121	5,983	0	4,465	968,569
Operation and maintenance of plant services	1,047,295	0	0	124,579	1,171,874
Transportation services	417,174	0	0	161,016	578,190
	<u>3,530,279</u>	<u>5,983</u>	<u>0</u>	<u>307,250</u>	<u>3,843,512</u>
Non-instructional programs	<u>28,002</u>	<u>0</u>	<u>0</u>	<u>604</u>	<u>28,606</u>
Other expenditures:					
Facilities acquisitions	0	3,938,201	0	78,038	4,016,239
Long-term debt:					
Principal	0	0	1,240,977	0	1,240,977
Interest and fiscal charges	0	0	382,445	0	382,445
AEA flowthrough	462,464	0	0	0	462,464
	<u>462,464</u>	<u>3,938,201</u>	<u>1,623,422</u>	<u>78,038</u>	<u>6,102,125</u>
Total expenditures	<u>12,327,638</u>	<u>3,944,184</u>	<u>1,623,422</u>	<u>912,839</u>	<u>18,808,083</u>
Excess(deficiency) of revenues over(under) expenditures	118,609	(2,110,981)	(1,137,531)	109,147	(3,020,756)
Other financing sources(uses):					
Sale of equipment	2,839	0	0	0	2,839
Proceeds from lease purchases	67,116	0	0	131,361	198,477
Transfers in	81,161	0	1,037,676	0	1,118,837
Transfers out	(23,792)	(874,745)	0	(220,300)	(1,118,837)
Total other financing sources(uses)	<u>127,324</u>	<u>(874,745)</u>	<u>1,037,676</u>	<u>(88,939)</u>	<u>201,316</u>
Net change in fund balances	245,933	(2,985,726)	(99,855)	20,208	(2,819,440)
Fund balances beginning of year	<u>623,623</u>	<u>5,088,600</u>	<u>1,661,818</u>	<u>223,223</u>	<u>7,597,264</u>
Fund balances end of year	<u>\$ 869,556</u>	<u>\$ 2,102,874</u>	<u>\$ 1,561,963</u>	<u>\$ 243,431</u>	<u>\$ 4,777,824</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2007

Net change in fund balances - total governmental funds(page 24) \$ (2,819,440)

*Amounts reported for governmental activities in the
statement of activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 4,049,618	
Depreciation expense	<u>(315,294)</u>	3,734,324

Proceeds from issuing long-term liabilities provide current financial resources to government funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayments of long-term liabilities is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Current year repayments exceeded issues, as follows:

Issued	(198,477)	
Repaid	<u>1,240,977</u>	1,042,500

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due.

In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

196

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds.

72,972

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early retirement	<u>27,683</u>	
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Changes in net assets of governmental activities(page 21) \$ 2,058,235

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUND

JUNE 30, 2007

	<u>School Nutrition</u>
<u>ASSETS</u>	
Current assets:	
Cash and pooled investments	\$ 91,006
Accounts receivable	1,131
Inventories	38,251
Total current assets	<u>130,388</u>
Non-current assets:	
Capital assets:	
Machinery and equipment, net of accumulated depreciation(Note 6)	<u>66,718</u>
Total non-current assets	<u>66,718</u>
 TOTAL ASSETS	 <u>197,106</u>
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	10,312
Salaries and benefits payable	35,829
Unearned revenue	12,697
Total current liabilities	<u>58,838</u>
TOTAL LIABILITIES	<u>58,838</u>
 <u>NET ASSETS</u>	
Invested in capital assets, net of related debt	66,718
Unrestricted	71,550
Total net assets	<u>\$ 138,268</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND

YEAR ENDED JUNE 30, 2007

	<u>School Nutrition</u>
OPERATING REVENUE:	
Local sources:	
Charges for service	<u>\$ 361,080</u>
OPERATING EXPENSES:	
Support services:	
Operation and maintenance of plant services:	
Services	2,996
Supplies	<u>14,393</u>
	<u>17,389</u>
Non-instructional programs:	
Food service operations:	
Salaries	251,258
Benefits	37,834
Services	3,608
Supplies	249,804
Depreciation	17,217
Other	<u>4,033</u>
	<u>563,754</u>
TOTAL OPERATING EXPENSES	<u>581,143</u>
OPERATING LOSS	<u>(220,063)</u>
NON-OPERATING REVENUES:	
State sources	6,626
Federal sources	232,829
Interest on investments	<u>3,867</u>
TOTAL NON-OPERATING REVENUES	<u>243,322</u>
Change in net assets before other financing sources	23,259
Other financing sources:	
Capital contributions	<u>26,404</u>
Change in net assets	49,663
Net assets beginning of year	<u>88,605</u>
Net assets end of year	<u><u>\$ 138,268</u></u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE

YEAR ENDED JUNE 30, 2007

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 345,844
Cash received from miscellaneous sources	16,379
Cash payments to employees for services	(282,680)
Cash payments to suppliers for goods or services	(247,703)
Net cash used in operating activities	<u>(168,160)</u>
Cash flows from non-capital financing activities:	
State grants received	6,626
Federal grants received	192,192
Net cash provided by non-capital financing activities	<u>198,818</u>
Cash flows from investing activities:	
Interest on investments	3,867
Net cash provided by investing activities	<u>3,867</u>
Net increase in cash and cash equivalents	34,525
Cash and cash equivalents at beginning of year	<u>56,481</u>
Cash and cash equivalents at end of year	<u>\$ 91,006</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (220,063)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	40,637
Depreciation	17,217
Increase in inventories	(9,349)
Increase in accounts receivable	(88)
Decrease in accounts payable	(4,157)
Increase in salaries and benefits payable	6,412
Increase in unearned revenue	1,231
Net cash used in operating activities	<u>\$ (168,160)</u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR
END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE
SHEET:

Current assets:	
Cash and investments	<u>\$ 91,006</u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2007, the District received Federal commodities valued at \$40,637.

During the year ended June 30, 2007, the District received capital contributions from the Capital Projects of \$16,723. The District also received capital contributions of \$9,681 for assets not previously recorded in the Nutrition Fund.

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

JUNE 30, 2007

	Private Purpose Trust Scholarship	Agency
ASSETS		
Cash and pooled investments	\$ 33,422	9,913
Accrued interest	444	0
TOTAL ASSETS	<u>33,866</u>	<u>9,913</u>
LIABILITIES		
Accounts payable	0	35
Due to other groups	0	9,878
TOTAL LIABILITIES	<u>0</u>	<u>9,913</u>
NET ASSETS		
Reserved for scholarships	<u>\$ 33,866</u>	<u>\$ 0</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS

NEVADA COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

YEAR ENDED JUNE 30, 2007

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ 1,000
Interest	1,257
Total additions	<u>2,257</u>
Deductions:	
Student services:	
Supplies	240
Instruction staff services:	
Supplies	1,407
	<u>1,647</u>
Change in net assets	610
Net assets beginning of year	<u>33,256</u>
Net assets end of year	<u><u>\$ 33,866</u></u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

Note 1. Summary of Significant Accounting Policies

The Nevada Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Nevada, Iowa, and the predominate agricultural territory in Story County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Government Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Nevada Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Nevada Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Story County Assessors' Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The statement of net assets and the statement of activities report information on all of the activities of the District, with omission of the fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation plus the unspent bond proceeds and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net asset consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's long-term debt.

The District also reports the following proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports the following fiduciary funds:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of result of operations.

C. Measurement Focus and Basis of Accounting

The government-wide and the proprietary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible

within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the accrual basis.

D. Cash, Pooled Investments and Cash Equivalents

The cash balance of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purpose of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

E. Property Taxes

Property taxes in Governmental Funds are accounted for using the modified accrual basis of accounting.

Property tax revenue receivable is recognized in these funds on the levy date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Education is required to certify its

budget to the County Auditor by April 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recorded as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2006.

F. Inventories

The Enterprise Fund inventories are accounted for using the consumption method by which inventory acquisitions are recorded in inventory accounts when purchased or received by other means and are charged to operations when consumed or sold. The enterprise fund inventory consists primarily of food, with purchased food recorded at the lower cost (first-in, first-out method) or market and food commodities which were received from the federal government recorded at the contributed value as of the date received.

G. Capital Assets

Capital assets, which include property, machinery, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 5,000
Buildings	5,000
Land improvements	5,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

Property, machinery and equipment are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	20-50 years
Land improvements	20 years
Machinery and equipment	5-20 years

H. Salaries and Benefits Payable

Payroll and related payroll taxes and benefits for teachers with annual contracts corresponding to the school year, but which have balances payable in July and August 2007, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2007.

I. Deferred Revenue

Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenues consist of unspent federal grant proceeds, succeeding year property tax receivable, and other receivables not collected within sixty days after year end.

J. Unearned Revenues

Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary, School Nutrition Fund.

K. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net assets.

L. Fund Balances

In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

M. Designated Fund Balances

In the governmental fund financial statements, designated funds are not available for appropriation but are set aside for a specific purpose. The designated fund balance is a reserve for wind turbine maintenance.

N. Restricted Net Assets

In the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Note 2. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the District's Board of Education annually adopts a single district wide budget and approves the related appropriations following required public notice and hearing for all funds. The budgets and related appropriations as well as the financial statements are prepared on the modified accrual basis or accrual basis of accounting. The budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control for the certified budget is based upon four major classes of disbursements known as functional areas, not by fund. These four functional areas are instruction, support services, non-instructional programs and other expenditures. The Code of Iowa also provides that District disbursements in the General Fund may not exceed the amount authorized by the school finance formula.

The Board of Education follows these procedures in establishing budgetary data reflected in the financial statements:

1. In accordance with the Statutes of the State of Iowa, prior to February 15, the Board Secretary submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures or expenses and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding years. This budget is submitted in summary form, with an administrative control. The legal level of control for the detailed budget is at the functional area level.
2. Public hearings are required to be conducted to obtain taxpayer comment.
3. Prior to April 15, the budget is legally enacted through certification from the County Auditor.
4. Management is authorized to transfer budgeted amounts between departments within any functional area; however, any revisions that alter the total expenditures or expenses of any functional area must be approved by the Board of Education.
5. The Board of Education may amend the budget during the year by holding public hearings and certifying the amendment with the County Auditor. During the year ended June 30, 2007, the non-instructional programs and other expenditures areas were amended for an increase of 28.26% and 19.26%, to the final approved budgets.
6. Encumbrances are not recognized in the budgetary process and appropriations lapse at the end of each fiscal year.
7. The budget cannot be amended without the approval of the Board of Education.
8. Unexpended budgetary balance lapse at June 30 and are not available to finance expenditures or expenses of the following year.

Note 3. Deposits and Pooled Investments

The District's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

As of June 30, 2007, the carrying amount of the District's bank deposits and pooled investments totaled \$6,576,305 with bank balances of \$1,712,485. These amounts are included in the cash and pooled investments on the combined balance sheet. Of the bank balance, \$100,000 was covered by federal depository insurance and \$1,612,485 was collateralized by securities held by the pledging financial institution or its agent but not in the District's name.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2007, the District had investments in the Iowa Schools Joint Investment Trust and U.S. Treasury Securities as follows:

Type	Amortized Cost
U.S. Treasury Securities	\$ 1,461,699
Diversified Portfolio	3,402,121
Total	<u>\$ 4,863,820</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. There is no material difference from fair value.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

Note 4. Due to and Due from Other Funds

The detail of interfund receivable and payables at June 30, 2007 is as follows:

Due to	Due from	Amount
Special Revenue:	General	
Student Activity		\$ 126,907
		<u>\$ 126,907</u>

The General Fund is repaying the Student Activity Fund for revenues collected that were to be recorded in the Student Activity Fund. This balance will be repaid by June 30, 2008.

Note 5. Transfers

The detail of transfers for the year ended June 30, 2007 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Special Revenue: Physical Plant and Equipment Levy	\$ 139,139
Debt Service	General	23,792
Debt Service	Capital Projects	874,745
General	Special Revenue: Student Activity	<u>81,161</u>
Total		<u>\$ 1,118,837</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Note 6. Capital Assets

A summary of changes in property and equipment comprising capital assets is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 282,244	0	0	282,244
Construction in progress	6,535,365	3,873,344	7,191,201	3,217,508
Total capital assets not being depreciated	6,817,609	3,873,344	7,191,201	3,499,752
Capital assets being depreciated:				
Buildings	8,081,344	7,176,577	0	15,257,921
Land improvements	595,419	32,459	0	627,878
Machinery and equipment	1,450,674	158,439	0	1,609,113
Total capital assets being depreciated	10,127,437	7,367,475	0	17,494,912
Less accumulated depreciation for:				
Buildings	4,287,109	233,038	0	4,520,147
Land improvements	344,579	24,412	0	368,991
Machinery and equipment	1,325,222	57,844	0	1,383,066
Total accumulated depreciation	5,956,910	315,294	0	6,272,204
Total capital assets being depreciated, net	4,170,527	7,052,181	0	11,222,708
Governmental activities capital assets, net	\$ 10,988,136	10,925,525	7,191,201	14,722,460

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 252,741	26,404	24,471	254,674
Less accumulated depreciation	195,210	17,217	24,471	187,956
Business-type activities capital assets, net	\$ 57,531	9,187	0	66,718

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction	\$ 29,575
Support services:	
Administration	6,088
Operation and maintenance of plant	1,346
Transportation	20,835
	57,844
Unallocated depreciation	257,450
Total governmental activities depreciation expense	\$ 315,294
Business-type activities:	
Food services	\$ 17,217

Note 7. Long-Term Debt

All Long-Term Debt listed is related to governmental activities. A summary of changes in long-term debt for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 4,870,000	\$ 0	\$ 420,000	\$ 4,450,000	\$ 350,000
Revenue Bonds	6,000,000	0	665,000	5,335,000	685,000
Capital Loan Notes	85,000	0	85,000	0	0
Capital Lease Obligations	91,489	198,477	70,977	218,989	86,525
Early Retirement	43,864	98,311	125,994	16,181	16,181
Total	<u>\$ 11,090,353</u>	<u>\$ 296,788</u>	<u>\$ 1,366,971</u>	<u>\$ 10,020,170</u>	<u>\$ 1,137,706</u>

Bonded debt

On March 1, 2003, the District refunded a bond issued for \$1,985,000 in general obligation bonds that were used originally for capital facility construction. On June 27, 2006 the District issued general obligation bonds of \$4,100,000 for capital facility construction. The General Obligation Bonds will be paid with property taxes collected in the Debt Service Fund. Details of the District's June 30, 2007 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Rate	Bond Issue of March 3, 2003		Rate		Bond Issue of June 27, 2006		Total	
		Principal	Interest			Principal	Interest	Principal	Interest
2008	2.20-2.60 %	\$ 350,000	\$ 5,950	4.50 %	\$ -	\$ 171,010	\$ 171,010	\$ 350,000	\$ 176,960
2009		-	-	4.50	235,000	171,010	171,010	235,000	171,010
2010		-	-	4.50	245,000	160,436	160,436	245,000	160,436
2011		-	-	4.50	260,000	149,410	149,410	260,000	149,410
2012		-	-	4.25	270,000	137,710	137,710	270,000	137,710
2013-2017		-	-	4.00-4.25	1,555,000	505,763	505,763	1,555,000	505,763
2018-2021		-	-	4.00-4.10	1,535,000	158,439	158,439	1,535,000	158,439
Total		<u>\$ 350,000</u>	<u>\$ 5,950</u>		<u>\$ 4,100,000</u>	<u>\$ 1,453,778</u>	<u>\$ 1,453,778</u>	<u>\$ 4,450,000</u>	<u>\$ 1,459,728</u>

On May 1, 2005, the District issued local option sales and service tax revenue bonds of \$6,000,000 for school infrastructure. The Revenue Bonds will be paid with local option sales and services taxes collected in the Capital Projects Fund. Details of the District's June 30, 2007 local option sales and service tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Rate	Bond Issue of May 1, 2005			
		Principal	Interest	Total	
2008	3.20 %	\$ 685,000	\$ 178,784	\$ 863,784	
2009	3.60	710,000	155,045	865,045	
2010	3.60	730,000	129,125	859,125	
2011	3.60	760,000	102,305	862,305	
2012	3.60	785,000	74,495	859,495	
2013-2014	3.60-3.65	1,665,000	61,208	1,726,208	
Total		<u>\$ 5,335,000</u>	<u>\$ 700,962</u>	<u>\$ 6,035,962</u>	

The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District in accordance with Chapter 423E of the Code of Iowa. The bonds are not a general obligation of the District. The debt, however, is subject to the constitutional debt limitations of the District.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- a) The bonds will only be redeemed from the future earnings of the local option sales and services tax revenues received by the District and the bond holders hold a lien on the future revenues received.
- b) Sufficient monthly deposits amounting to one sixth of the next interest payment and one twelfth of the next principal payment shall be made to the Local Option Sales and Service Tax Sinking Fund for the purpose of making the bond principal and interest payments when due.
- c) A separate bond reserve fund will be maintained in the amount of \$600,000 to be used solely for the purpose of paying principal and interest in the event the revenue fund does not have sufficient funds for that purpose. This fund is called the Local Option Sales and Services Tax Reserve Fund.

Capital Lease Obligations

During the years ended June 30, 2005 and June 30, 2007, the District entered into capital lease purchase agreements for the lease purchase of computers, servers and networking equipment. The apple leases are payable from the General Fund. During the year ended June 30, 2007, the District entered into capital lease purchase agreements for the lease purchase of two school buses. The school bus leases are payable from the Special Revenue, Physical Plant and Equipment Levy Fund. Details of the District's indebtedness under the agreements in effect at June 30, 2007 are as follows:

Year Ending June 30,	Rate		2005 Apple Lease		
			Principal	Interest	Total
2008	1.88	%	\$ 44,304	\$ 5,685	\$ 49,989
Year Ending June 30,	Rate		2007 Apple Lease		
			Principal	Interest	Total
2008	6.49	%	\$ 20,982	\$ 2,810	\$ 23,792
2009	6.49		22,342	1,450	23,792
			\$ 43,324	\$ 4,260	\$ 47,584
Year Ending June 30,	Rate		2006 Bus Lease		
			Principal	Interest	Total
2008	5.21	%	\$ 8,314	\$ 2,796	\$ 11,110
2009	5.21		8,748	2,362	11,110
2010	5.21		36,593	1,907	38,500
			\$ 53,655	\$ 7,065	\$ 60,720

Year Ending June 30,	Rate	2007 Bus Lease		
		Principal	Interest	Total
2008	4.73 %	\$ 12,925	\$ 0	\$ 12,925
2009	4.73	9,862	3,064	12,926
2010	4.73	10,328	2,598	12,926
2011	4.73	44,591	2,109	46,700
		<u>\$ 77,706</u>	<u>\$ 7,771</u>	<u>\$ 85,477</u>
Total		<u>\$ 218,989</u>	<u>\$ 24,781</u>	<u>\$ 243,770</u>

Early Retirement

The District offers a voluntary early retirement plan to its certified and support staff employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 45% of the employee's base salary. The employee's base salary is calculated by using the current year regular salary schedule, less any other additional pay. Early retirement benefits paid during the year ended June 30, 2007, totaled \$125,994. The cost of early retirement payments expected to be liquated currently is recorded as a liability in the Special Revenue, Management Levy Fund in the fund financial statements and as a liability of the Governmental Activities in the Government-wide financial statements. The long-term portion of early retirement is recorded as a long-term liability of the Governmental Activities in the Government-wide financial statements.

Note 8. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007, 2006 and 2005. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$450,822, \$430,376 and \$422,988 respectively, equal to the required contributions for each year.

Note 9. Risk Management

Nevada Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$462,464 for the year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 11. Construction Commitments

The District entered into various contracts totaling \$3,317,997 for an elementary school addition and improvements. At June 30, 2007, \$3,217,508 of the contracts was completed. The remaining amounts of the contracts will be paid as work on the project progresses.

Required Supplementary Information

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NEVADA COMMUNITY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN BALANCES -
ACTUAL TO BUDGET - ALL GOVERNMENTAL FUND TYPES
AND PROPRIETARY FUND TYPE

YEAR ENDED JUNE 30, 2007

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 8,011,673	\$ 364,947	\$ 8,376,620	\$ 7,753,512	\$ 7,753,512	\$ 623,108
Intermediate sources	35,252	0	35,252	0	0	35,252
State appropriations	7,464,747	6,626	7,471,373	7,371,938	7,371,938	99,435
Federal appropriations	275,655	232,829	508,484	349,816	349,816	158,668
Total revenues	15,787,327	604,402	16,391,729	15,475,266	15,475,266	916,463
Expenditures:						
Instruction	8,833,840	0	8,833,840	9,097,003	9,097,003	263,163
Support services	3,843,512	17,389	3,860,901	4,437,800	4,437,800	576,899
Non-instructional programs	28,606	563,754	592,360	494,300	634,000	41,640
Other expenditures	6,102,125	0	6,102,125	5,986,395	7,139,600	1,037,475
Total expenditures	18,808,083	581,143	19,389,226	20,015,498	21,308,403	1,919,177
Excess(deficiency) of revenues over(under) expenditures	(3,020,756)	23,259	(2,997,497)	(4,540,232)	(5,833,137)	2,835,640
Other financing sources, net	201,316	26,404	227,720	4,100,000	4,100,000	(3,872,280)
Excess(deficiency) of revenues and other financing sources over(under) expenditures	(2,819,440)	49,663	(2,769,777)	(440,232)	(1,733,137)	(1,036,640)
Balance beginning of year	7,597,264	88,605	7,685,869	1,136,218	1,136,218	6,549,651
Balance end of year	\$ 4,777,824	\$ 138,268	\$ 4,916,092	\$ 695,986	\$ (596,919)	\$ 5,513,011

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2007

This budgetary comparison is presented as Required Supplementary Information in accordance with Government Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$1,292,905.

Other Supplementary Information

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Nevada Community School District

Nonmajor Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Management Fund

This fund accounts for property taxes collected to pay property and boiler insurance, fidelity bonds, worker's compensation, liability insurance premiums, unemployment insurance claims and early retirement incentives.

Student Activity Fund

This fund accounts for funds raised by student groups. Under State Law, the Board retains responsibility for Student Activity Fund's ultimate disposition.

Physical Plant and Equipment Levy Fund

This fund accounts for property taxes collected to pay for purchase and improvement of grounds, purchase of buildings, major repairs, remodeling, reconstruction, improving or expanding the schoolhouses or buildings, expenditures for energy conservation and for equipment purchases. The purchase of transportation vehicles also qualify under the law.

NEVADA COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2007

	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total
ASSETS				
Cash and pooled investments	\$ 110,727	\$ 68,563	\$ 44,773	\$ 224,063
Receivables:				
Property tax:				
Current year delinquent	3,484	0	3,614	7,098
Succeeding year	248,033	0	296,847	544,880
Interfund	0	126,907	0	126,907
Accounts	0	315	0	315
TOTAL ASSETS	<u><u>\$ 362,244</u></u>	<u><u>\$ 195,785</u></u>	<u><u>\$ 345,234</u></u>	<u><u>\$ 903,263</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 99,571	\$ 14,463	\$ 918	\$ 114,952
Deferred revenue:				
Succeeding year property tax	248,033	0	296,847	544,880
Total liabilities	<u>347,604</u>	<u>14,463</u>	<u>297,765</u>	<u>659,832</u>
Unreserved fund balances	<u>14,640</u>	<u>181,322</u>	<u>47,469</u>	<u>243,431</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 362,244</u></u>	<u><u>\$ 195,785</u></u>	<u><u>\$ 345,234</u></u>	<u><u>\$ 903,263</u></u>

NEVADA COMMUNITY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS

YEAR ENDED JUNE 30, 2007

	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total
REVENUES:				
Local sources:				
Local tax	\$ 260,718	\$ 0	\$ 285,331	\$ 546,049
Other	13,644	461,967	0	475,611
State sources	159	0	167	326
TOTAL REVENUES	<u>274,521</u>	<u>461,967</u>	<u>285,498</u>	<u>1,021,986</u>
EXPENDITURES:				
Current:				
Instruction				
Regular instruction	127,402	27,975	0	155,377
Special instruction	0	600	0	600
Other instruction	0	370,970	0	370,970
Support services:				
Student services	0	15,180	0	15,180
Instructional staff services	0	2,010	0	2,010
Administration services	0	4,465	0	4,465
Operation and maintenance of plant services	123,340	1,239	0	124,579
Student transportation	14,130	0	146,886	161,016
Non-instructional programs	0	604	0	604
Other expenditures:				
Facilities acquisition	0	0	78,038	78,038
TOTAL EXPENDITURES	<u>264,872</u>	<u>423,043</u>	<u>224,924</u>	<u>912,839</u>
Excess of revenues over expenditures	9,649	38,924	60,574	109,147
OTHER FINANCING SOURCES(USES):				
Proceeds from lease purchases	0	0	131,361	131,361
Transfer out	0	(81,161)	(139,139)	(220,300)
Total other financing sources(uses)	<u>0</u>	<u>(81,161)</u>	<u>(7,778)</u>	<u>(88,939)</u>
Net change in fund balances	9,649	(42,237)	52,796	20,208
FUND BALANCES BEGINNING OF YEAR	<u>4,991</u>	<u>223,559</u>	<u>(5,327)</u>	<u>223,223</u>
FUND BALANCES END OF YEAR	<u>\$ 14,640</u>	<u>\$ 181,322</u>	<u>\$ 47,469</u>	<u>\$ 243,431</u>

NEVADA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUND

YEAR ENDED JUNE 30, 2007

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Cash and pooled investments	\$ 386	9,913	386	9,913
LIABILITIES				
Accounts payable	\$ 0	35	0	35
Due to other groups	386	9,878	386	9,878
	\$ 386	9,913	386	9,913

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Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

To the Board of Education of the
Nevada Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Nevada Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 21, 2007. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Nevada Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Nevada Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Nevada Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Nevada Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Nevada Community School District's financial statements that is more than inconsequential will not be prevented or detected by Nevada Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Nevada Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item I-A-07 is a material weakness.

Compliance and Other Matters

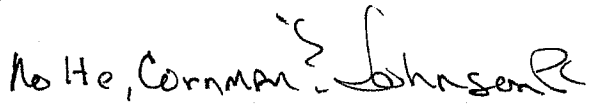
As part of obtaining reasonable assurance about whether Nevada Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Nevada Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Nevada Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Nevada Community School District and other parties to whom Nevada Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Nevada Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


NOLTE, CORNMAN & JOHNSON, P.C.

December 21, 2007

NEVADA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2007

Part I: Findings Related to the Basic Financial Statements:

SIGNIFICANT DEFICIENCIES:

- I-A-07 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the duties of one individual include preparing checks and recording the transactions in the general ledger.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - As a part of an overall review of the District's financial structure, the review will be completed by the Business Office with recommendations on how to maximize internal control.

Conclusion - Response accepted.

- I-B-07 District and Regional Rents - We noted during our audit that the district receives money for use of facilities when hosting district and regional events. The District currently receipts this into the Student Activity Fund.

Recommendation - Chapter 297.9 of the code of Iowa requires rent to be receipted into the general fund. The district should receipt rent collected for facility usage into the general fund.

Response - The District will comply with this in the future.

Conclusion - Response accepted.

- I-C-07 Student Activity Fund - Individuals Receiving Checks - We noted during our audit that the District wrote checks to individual students in the Student Activity fund. These checks were issued for cash incentives for selling magazines. According to the Uniform Accounting Manual from the Department of Education, no funds from a student organization may be distributed to individual students.

Recommendation - The District should review the procedures in place, and make necessary adjustments to comply.

Response - School building administrators have been notified that this procedure is no longer acceptable and written procedures will be put into place to end this practice.

Conclusion - Response accepted.

- I-D-07 Payroll Procedures - We noted during our audit that the District is not keeping track of hours worked for coaches who are non-certified staff. We also noted the wages for officiating are not added to the District employees W-2's or the District's 941's.

Recommendation - In an effort to comply with the Department of Labor requirements on wage per hour contracts, the District should keep track of the hours worked for non-certified staff coaches. The District should also review its payroll procedures to ensure

that supporting documentation is kept for all employees who receive checks. Wages paid to employees for officiating need to be included on the employee's W-2's and should be reported on the District's payroll reports.

Response - The District will comply with this in the future.

Conclusion - Response accepted.

- I-E-07 Grants - We noted during our audit, that when expenditures for specific projects were posted; it appeared that the expenses were not always properly posted to those projects.

Recommendation - The District should review the coding of bills, to ensure that all bills paid for a specific grant or project are properly coded. The project numbers may be obtained from the Uniform Financial Accounting for Iowa LEAs and AEAs. The proper coding also allows the district to maintain accountability of the grants by matching the revenues to the expenditures.

Response - Future grants and projects will be assigned a project code, either from the Uniform Financial Accounting manual or on a local basis, to properly designate receipts and expenditures.

Conclusion - Response accepted.

- I-F-07 Student Activity Fund - During our audit issues arose about the properness of certain accounts or certain receipts and expenditures collected/paid from the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. The student activity fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund. Moneys in this fund shall be used to support only the cocurricular program defined in department of education administrative rules (298A.8). Fundraisers and donations made to the school should be recorded in the fund in which they could be expended from. A more specific example of these instances is as follows:

Donations from Box Tops for Education recorded in the middle school and elementary funds. These donations do not specify the purpose other than instructional supplies; therefore, they should be receipted into the General fund for use in all instructional supplies/services.

We also noted during our audit that the Student Activity Fund received interest income during the year. The interest was not however allocated to the various student activity accounts that earned the interest.

Recommendation - The purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for the students established under Iowa Administrative Code 281-12.6(1). The District should review the propriety of receipts and expenditures that are recorded in the Student Activity Fund. It would appear that some of the accounts appear to be more administratively maintained in nature, rather than maintained by a club or organization. Therefore, they need to be corrected or transferred to the proper fund where these monies can be receipted and expended. The District also should allocate the interest earned in the Student Activity Fund to the various student accounts that earned the interest income.

Response - As part of the overall review of the District's financial structure, this will be reviewed in detail and recommendations for change will be made to the administrators and the school board. We will also allocate interest income on an annual basis.

Conclusion - Response accepted.

- I-G-07 Checks Outstanding - We noted during our audit that the District had checks included in the bank reconciliation which have been outstanding for over a year.

Recommendation - Per Chapter 556.1(10) and 556.11 of the Code of Iowa, the District is required to report unclaimed property to the State Treasurer annually before November 1st. The District should research the outstanding checks to determine if they should be reissued, voided or submitted to the Treasurer of Iowa as unclaimed property.

Response - Checks outstanding more than a year old will be reviewed on a monthly basis from now on.

Conclusion - Response acknowledged.

- I-H-07 Photo Image Checks - We noted during our audit that District receives their checks from the bank as photo images showing only the front of the checks. Chapter 544D.114 of the Code of Iowa requires both the front and back of check images to be retained.

Recommendation - The District should contact the bank to rectify the situation. The District should receive the photo images showing both the front and back of the checks or the original issued check.

Response - We will ask the bank to start providing images on both sides of the check images.

Conclusion - Response accepted.

- I-I-07 Apple Lease Corrective Transfer - We noted during our audit that the District paid an apple lease out of the Special Revenue, Physical Plant and Equipment Levy Fund. The lease was originally paid out of the General Fund.

Recommendation - The District needs to do a corrective transfer of \$49,989 from the General Fund to the Special Revenue, Physical Plant and Equipment Levy Fund. The District should review current leases in place and pay them from the proper fund.

Response - This transfer will be done immediately.

Conclusion - Response accepted.

- I-J-07 Clothing Purchased for Coaches - We noted during our audit that the District purchased clothing for coaches out of the Special Revenue, Student Activity Fund.

Recommendation - Article III, Section 31 of the Constitution of the State of Iowa requires that public funds may only be spent for the public benefit. Since Student Activity Funds are "public funds" the District must determine the propriety and document the public purpose and public benefit to be derived. The District should establish a policy to preclude purchases of personal clothing from public funds, and/or define the exceptions, if any, including the requirement for Board consideration, documentation of public purpose and approval.

The District may wish to refrain from allowing public funds to be used to purchase personal items of clothing under any circumstances since this establishes a precedent which may be difficult to justify and/or administer fairly and consistently among employees and student groups.

A better alternative may be to ask the Booster Club or other affiliated organization to provide clothing such as team jackets for coaches, to District employees in lieu of using public funds.

Response - This will be brought to the attention of the athletic department to be resolved as soon as possible.

Conclusion - Response accepted.

NEVADA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2007

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-07 Certified Budget - District expenditures for the year ended June 30, 2007, did not exceed the amount budgeted.
- II-B-07 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- II-C-07 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-07 Business Transactions - Business transactions between the District and District officials are noted as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Kevin Cooper, Teacher Owner of Cooper Trucking	Purchased services	\$937

In accordance with Attorney's General Opinion dated July 2, 1990, the above transactions do not appear to represent a conflict of interest.

- II-E-07 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-07 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. However, we noted that the minutes were not always published in a timely manner.

Recommendation - The District should publish the minutes within two weeks of the Board meeting, as required by 279.35 of the Code of Iowa.

Response - At times, with the local newspaper being issued weekly, it is difficult to get minutes published within two weeks. The District will make every effort to comply with the recommendation.

Conclusion - Response accepted.

- II-G-07 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.
- II-H-07 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- II-I-07 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely, and we noted no significant deficiencies in the amounts reported.

II-J-07 Financial Condition - During our audit we noted that the District had two negative account balances in the Student Activity Fund.

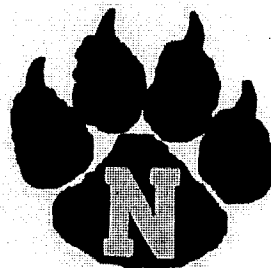
Recommendation - The District should continue to monitor this fund and investigate alternatives to eliminate the deficit account balances.

Response - Expenditures in this fund and accounts will be monitored more closely to eliminate negative balances.

Conclusion - Response accepted.

Statistical Section

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Nevada Community School District

Statistical Section

(Unaudited)

This part of the Nevada Community School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	64-75
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	76-79
These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.	
Debt Capacity	81-86
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	87-91
These schedules offer demographic and economic indicators to help the reader understand the environment within the District's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	92-95
These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	

Schedule 1
Nevada Community School District

Net Assets by Component
Last Five Fiscal Years*
(accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities:					
Invested in capital assets, net of related debt	\$ 2,976,584	\$ 3,680,540	\$ 5,231,775	\$ 6,676,587	\$ 5,686,850
Restricted	412,412	1,118,228	1,185,554	266,512	2,988,643
Unrestricted	1,220,065	1,120,263	677,416	736,244	1,062,085
Total governmental activities net assets	\$ 4,609,061	\$ 5,919,031	\$ 7,094,745	\$ 7,679,343	\$ 9,737,578
Business-type activities:					
Invested in capital assets, net of related debt	\$ 44,983	\$ 48,433	\$ 60,063	\$ 57,531	\$ 66,718
Restricted	-	-	-	-	-
Unrestricted	75,836	60,154	26,114	31,074	71,550
Total business-type activities net assets	\$ 120,819	\$ 108,587	\$ 86,177	\$ 88,605	\$ 138,268
Primary government:					
Invested in capital assets, net of related debt	\$ 3,021,567	\$ 3,728,973	\$ 5,291,838	\$ 6,734,118	\$ 5,753,568
Restricted	412,412	1,118,228	1,185,554	266,512	2,988,643
Unrestricted	1,295,901	1,180,417	703,530	767,318	1,133,635
Total primary government net assets	\$ 4,729,880	\$ 6,027,618	\$ 7,180,922	\$ 7,767,948	\$ 9,875,846

Source: School District financial records.

Note:

* The District began to report accrual information when it implemented GASB Statement No. 34 in 2003.

Schedule 2
Nevada Community School District

Expenses, Program Revenues and Net (Expense) Revenue
Last Five Fiscal Years*
(accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses:					
Governmental activities:					
Instruction	\$ 7,947,273	\$ 8,227,884	\$ 8,648,727	\$ 8,566,639	\$ 8,819,553
Student services	1,239,799	1,181,547	629,174	553,116	562,967
Instructional staff services	352,329	201,515	427,449	485,660	561,912
Administration services	862,375	924,511	856,527	925,429	1,074,906
Operation and maintenance of plant	1,021,392	1,115,285	972,783	1,114,833	1,162,466
Pupil transportation services	363,845	436,782	472,413	442,531	492,330
Other support services	132,551	-	-	-	-
Non-instructional programs	20,497	20,782	29,210	19,210	28,606
Facilities acquisitions	590	67,435	392,253	810,283	-
Interest on long-term debt	163,193	60,644	65,052	306,149	382,249
AEA flowthrough	448,043	417,513	412,669	427,831	462,464
Depreciation (unallocated)	186,394	198,832	211,923	599,916	257,450
Total governmental activities expenses	12,738,281	12,852,730	13,118,180	14,251,597	13,804,903
Business-type activities:					
Operation and maintenance of plant	-	-	-	-	17,389
Nutrition services	511,330	540,699	561,991	558,632	563,754
Total business-type activities expenses	511,330	540,699	561,991	558,632	581,143
Total primary government expenses	\$ 13,249,611	\$ 13,393,429	\$ 13,680,171	\$ 14,810,229	\$ 14,386,046
Program revenues:					
Governmental activities:					
Charges for services:					
Instruction	\$ 975,954	\$ 1,085,636	\$ 1,074,285	\$ 1,154,109	\$ 1,078,361
Support services	28,870	37,593	33,643	5,680	1,963
Operating grants and contributions	1,789,780	1,683,945	1,184,031	1,164,797	1,429,221
Capital grants and contributions	94,375	49,927	117,088	-	19,940
Total governmental activities program revenues	2,888,979	2,857,101	2,409,047	2,324,586	2,529,485

(Continued on the following page.)

Schedule 2
Nevada Community School District

Expenses, Program Revenues and Net (Expense) Revenue (Continued)
Last Five Fiscal Years*
(accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2003	2004	2005	2006	2007
Business-type activities:					
Charges for services:					
Nutrition	317,759	339,902	347,314	367,572	361,080
Operating grants and contributions	180,674	187,350	190,492	204,845	239,455
Capital grants and contributions	-	-	-	-	-
Total business-type program revenues	498,433	527,252	537,806	572,417	600,535
Total primary government program revenues	\$ 3,387,412	\$ 3,384,353	\$ 2,946,853	\$ 2,897,003	\$ 3,130,020
Net (expense) revenue:					
Governmental activities	\$ (9,849,302)	\$ (9,995,629)	\$ (10,709,133)	\$ (11,927,011)	\$ (11,275,418)
Business-type activities	(12,897)	(13,447)	(24,185)	13,785	19,392
Total primary government net expense	\$ (9,862,199)	\$ (10,009,076)	\$ (10,733,318)	\$ (11,913,226)	\$ (11,256,026)

Source: School District financial records.

Note:

* The District began to report accrual information when it implemented GASB Statement No. 34 in 2003.

Schedule 3
Nevada Community School District

General Revenues and Total Change in Net Assets
Last Five Fiscal Years*
(accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2003	2004	2005	2006	2007
Net (expense) revenue:					
Governmental activities	\$ (9,849,302)	\$ (9,995,629)	\$ (10,709,133)	\$ (11,927,011)	\$ (11,275,418)
Business-type activities	(12,897)	(13,447)	(24,185)	13,785	19,392
Total primary government net expense	(9,862,199)	(10,009,076)	(10,733,318)	(11,913,226)	(11,256,026)
General revenues and other changes in net assets:					
Governmental activities:					
Taxes:					
Property taxes levied for general purposes	3,513,697	3,881,126	3,739,413	4,106,936	3,778,248
Property taxes levied for debt service	501,424	440,351	444,929	438,498	439,108
Property taxes levied for capital outlay	237,413	299,342	274,973	279,787	285,331
Income surtax	-	-	-	-	405,401
Sales tax	-	1,055,437	1,514,873	1,362,867	1,545,767
Unrestricted grants and contributions	5,669,116	5,514,650	5,794,091	6,020,105	6,419,498
Miscellaneous	126,203	79,695	42,720	46,514	85,161
Investment earnings	57,239	34,998	73,848	242,954	375,139
Transfers	-	-	-	13,948	-
Total governmental activities	10,105,092	11,305,599	11,884,847	12,511,609	13,333,653
Business-type activities:					
Miscellaneous	-	-	-	-	26,404
Investment earnings	2,487	1,215	1,775	2,591	3,867
Transfers	-	-	-	(13,948)	-
Total business-type activities	2,487	1,215	1,775	(11,357)	30,271
Total primary government	10,107,579	11,306,814	11,886,622	12,500,252	13,363,924
Change in net assets:					
Governmental activities	255,790	1,309,970	1,175,714	584,598	2,058,235
Business-type activities	(10,410)	(12,232)	(22,410)	2,428	49,663
Total primary government	\$ 245,380	\$ 1,297,738	\$ 1,153,304	\$ 587,026	\$ 2,107,898

Source: School District financial records.

Note:

* The District began to report accrual information when it implemented GASB Statement No. 34 in 2003.

Schedule 4
Nevada Community School District

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	1998	1999	2000	2001	2002
General Fund:					
Reserved	\$ 9,770	\$ 67,556	\$ 91,965	\$ 118,874	\$ 107,699
Unreserved	709,193	1,067,556	1,149,776	1,290,808	1,156,607
Total General Fund	\$ 718,963	\$ 1,135,112	\$ 1,241,741	\$ 1,409,682	\$ 1,264,306
All other governmental funds:					
Reserved					
Debt service funds	\$ 63,172	\$ 75,416	\$ 83,281	\$ 91,247	\$ 93,219
Other reserved	-	-	-	-	-
Unreserved, reported in:					
Capital projects funds	-	(3,677)	69,299	1,176	1,176
Special revenue funds	239,893	201,836	184,125	166,223	173,908
Total all other governmental funds	\$ 303,065	\$ 273,575	\$ 336,705	\$ 258,646	\$ 268,303

Source: School District financial records.

Fiscal Year				
2003	2004	2005	2006	2007
\$ 74,910	\$ 66,718	\$ 51,872	\$ 42,953	\$ 63,394
1,083,068	1,002,208	555,314	580,670	806,162
<u>\$ 1,157,978</u>	<u>\$ 1,068,926</u>	<u>\$ 607,186</u>	<u>\$ 623,623</u>	<u>\$ 869,556</u>
\$ 99,238	\$ 97,823	\$ 99,190	\$ 1,661,818	\$ 2,161,963
-	-	-	-	-
586	761,202	6,861,916	5,088,600	1,502,874
172,359	96,669	53,780	223,223	243,431
<u>\$ 272,183</u>	<u>\$ 955,694</u>	<u>\$ 7,014,886</u>	<u>\$ 6,973,641</u>	<u>\$ 3,908,268</u>

Schedule 5
Nevada Community School District

Governmental Funds Revenues
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	1998	1999	2000	2001	2002
Federal sources:					
Federal sources	\$ 114,034	\$ 121,359	\$ 141,566	\$ 183,978	\$ 689,300
Total federal sources	114,034	121,359	141,566	183,978	689,300
State sources:					
State sources	\$ 5,578,851	\$ 6,045,078	\$ 6,439,547	\$ 6,559,309	\$ 6,497,689
Total state sources	5,578,851	6,045,078	6,439,547	6,559,309	6,497,689
Intermediate sources:					
Intermediate sources	\$ -	\$ -	\$ -	\$ -	\$ -
Total intermediate sources	-	-	-	-	-
Local sources:					
Local taxes	\$ 3,717,520	\$ 3,895,833	\$ 3,869,478	\$ 4,054,447	\$ 4,361,540
Tuition	290,204	372,902	352,130	469,397	426,447
Other revenues	496,648	138,497	653,766	734,803	650,279
Total local sources	4,504,372	4,407,232	4,875,374	5,258,647	5,438,266
Total revenues	\$ 10,197,257	\$ 10,573,669	\$ 11,456,487	\$ 12,001,934	\$ 12,625,255

Source: School District financial records.

Fiscal Year									
2003		2004		2005		2006		2007	
\$	1,010,719	\$	924,937	\$	286,117	\$	261,805	\$	275,655
	1,010,719		924,937		286,117		261,805		275,655
\$	6,550,557	\$	6,323,721	\$	6,599,717	\$	6,923,097	\$	7,464,747
	6,550,557		6,323,721		6,599,717		6,923,097		7,464,747
\$	-	\$	-	\$	-	\$	2,000	\$	35,252
	-		-		-		2,000		35,252
\$	4,248,066	\$	5,663,327	\$	5,946,502	\$	6,188,088	\$	6,380,883
	441,690		521,868		605,500		561,729		570,688
	743,809		706,802		799,971		839,014		1,060,102
	5,433,565		6,891,997		7,351,973		7,588,831		8,011,673
\$	12,994,841	\$	14,140,655	\$	14,237,807	\$	14,775,733	\$	15,787,327

Schedule 6
Nevada Community School District

Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	1998	1999	2000	2001	2002
Instruction	\$ 5,952,537	\$ 6,463,422	\$ 7,033,271	\$ 7,272,683	\$ 7,765,406
Student services	837,218	756,462	751,557	773,932	1,278,670
Instructional staff services	264,100	271,324	260,932	274,505	293,692
Administration services	724,983	878,453	973,002	1,054,418	1,051,651
Operation and maintenance of plant services	835,378	946,613	763,613	1,080,669	933,265
Pupil transportation services	287,020	285,138	579,606	338,645	359,352
Other support services	61,827	51,960	-	-	-
Non-instructional programs	3,301	12,531	31,911	34,020	35,454
AEA flowthrough	405,152	420,621	435,531	458,537	450,277
Capital outlay:					
Facilities acquisition/construction	30,350	3,677	488,935	250,571	-
Debt service:					
Principal	349,465	304,000	373,842	389,347	435,974
Interest and fiscal charges	179,917	165,711	134,553	167,923	157,333
Total expenditures	\$ 9,931,248	\$ 10,559,912	\$ 11,826,753	\$ 12,095,250	\$ 12,761,074
Debt service as a percentage of noncapital expenditures	5.63%	4.66%	4.49%	4.83%	4.88%

Source: School District financial records.

Fiscal Year					
	2003	2004	2005	2006	2007
\$	7,942,483	\$ 8,214,156	\$ 8,662,269	\$ 8,338,486	\$ 8,833,840
	1,239,799	1,181,547	629,174	553,116	562,967
	352,329	211,985	427,449	485,660	561,912
	861,525	918,783	850,800	920,449	968,569
	1,039,942	1,108,813	945,924	1,114,473	1,171,874
	372,395	500,143	456,739	440,249	578,190
	132,551	-	-	-	-
	20,497	20,782	29,210	19,210	28,606
	448,043	417,513	412,669	427,831	462,464
	94,965	411,634	1,827,335	5,867,298	4,016,239
	443,662	500,452	522,337	583,833	1,240,977
	159,098	72,297	48,668	214,048	382,445
\$	13,107,289	\$ 13,558,105	\$ 14,812,574	\$ 18,964,653	\$ 18,808,083
	4.82%	4.41%	4.01%	4.39%	9.45%

Schedule 7
Nevada Community School District

Other Financing Sources and Uses and Net Change in Fund Balances
Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	1998	1999	2000	2001	2002
Excess of revenues over (under) expenditures	\$ 266,009	\$ 13,757	\$ (370,266)	\$ (93,316)	\$ (135,819)
Other financing sources (uses):					
Issuance of general obligation bonds	-	-	-	-	-
Issuance of revenue bonds	-	-	-	-	-
Capital lease purchase agreement	83,400	-	-	-	-
Issuance of capital loan notes	70,000	-	540,000	182,448	-
Refunding debt issued	-	-	-	-	-
Payment to refunding escrow agent	-	-	-	-	-
Premium on bonds	-	-	-	-	-
Sale of capital assets	100	-	25	750	100
Transfers in	-	17,136	79,141	-	142,585
Transfers out	-	(17,136)	(79,141)	-	(142,585)
Total other financing sources					
(uses)	153,500	-	540,025	183,198	100
Net change in fund balances	\$ 419,509	\$ 13,757	\$ 169,759	\$ 89,882	\$ (135,719)

Source: School District financial records.

Fiscal Year				
2003	2004	2005	2006	2007
\$ (112,448)	\$ 582,550	\$ (574,767)	\$ (4,188,920)	\$ (3,020,756)
-	-	-	4,100,000	-
-	-	6,000,000	-	-
-	-	140,999	-	198,477
-	-	-	-	-
1,985,000	-	-	-	-
(1,975,000)	-	-	-	-
-	-	31,220	46,514	-
-	11,909	-	3,650	2,839
108,136	130,983	127,443	1,879,742	1,118,837
(108,136)	(130,983)	(127,443)	(1,865,794)	(1,118,837)
10,000	11,909	6,172,219	4,164,112	201,316
\$ (102,448)	\$ 594,459	\$ 5,597,452	\$ (24,808)	\$ (2,819,440)

Schedule 8
Nevada Community School District

Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Actual Value			Less Exemptions	Total Taxable Value	Total Direct Rate (a)
	Residential Property	Commercial Property	Other Property			
1998	\$ 176,166,915	\$ 32,076,550	\$ 78,264,802	\$ 65,261,390	\$ 221,246,877	\$15.70661
1999	185,399,943	34,401,695	98,311,373	91,273,685	226,839,326	15.99895
2000	189,902,667	36,291,538	94,195,989	86,111,532	234,278,662	15.40000
2001	N/A	N/A	N/A	N/A	249,540,888	15.06170
2002	230,470,681	42,394,779	87,967,396	97,241,219	263,591,637	15.20579
2003	250,019,749	45,297,208	86,273,759	118,605,591	262,985,125	14.90901
2004	259,852,241	49,152,959	125,090,251	173,739,394	260,356,057	15.77656
2005	267,623,886	47,286,724	66,172,976	146,572,129	234,511,457	16.59480
2006	274,600,449	46,620,972	66,546,901	151,266,981	236,501,341	17.76519
2007	302,790,752	47,679,083	60,166,844	172,893,466	237,743,213	17.75500

Source: Story County Auditor

Notes: Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following fiscal year. Assessed value equals estimated actual value.

(a) Per \$1,000 of assessed value.

N/A = not available

Schedule 9
Nevada Community School District

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)
(Unaudited)

Fiscal Year Ended June 30	District Direct Rates			Overlapping Rates		
	General Purposes	Capital Purposes	Total	Story County	City of Nevada	Community College
1998	\$12.76267	\$2.94394	\$15.70661	\$6.13674	\$14.49470	\$0.47230
1999	13.12368	2.87527	15.99895	6.15851	14.52204	0.50551
2000	12.59705	2.80295	15.40000	5.99570	14.59655	0.52451
2001	12.40823	2.65347	15.06170	5.58921	14.32364	0.54506
2002	12.64500	2.56079	15.20579	6.67242	14.38557	0.54454
2003	12.34480	2.56421	14.90901	6.66890	14.19251	0.54584
2004	13.30551	2.47105	15.77656	6.24548	14.35684	0.58184
2005	13.97663	2.61817	16.59480	6.43930	14.87863	0.59856
2006	15.19793	2.56726	17.76519	6.61371	14.88108	0.68408
2007	15.25833	2.49667	17.75500	6.74790	14.87874	0.68688

Source: Story County Auditor

Notes: Assessed value equals estimated actual value.

Schedule 10
Nevada Community School District

Principal Property Taxpayers
Current Year and Ten Years Ago
(Unaudited)

Taxpayer	2007			1997		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Lincolnway Energy LLC	\$ 4,727,275	1	1.28%	-	-	-
Heart of Iowa Coop	4,199,173	2	1.14%	-	-	-
Burke, Marketing Corporation	3,328,200	3	0.90%	2,543,500	2	0.84%
Flexi-Coil Inc-Ctr	2,385,271	4	0.65%	-	-	-
PR Investments LLC	2,376,500	5	0.65%	-	-	-
General Financial Supply Inc	1,637,900	6	0.44%	-	-	-
Heart of Iowa Coop	1,620,732	7	0.44%	-	-	-
Hubert Family Trust	1,474,400	8	0.40%	2,609,400	1	0.86%
Fareway Stores Inc.	1,424,959	9	0.39%	-	-	-
Meadows Apartment Ltd.	1,398,431	10	0.38%	1,311,642	3	0.43%
Iowa Falls Nursing Corp.	-	-	-	1,291,197	4	0.42%
State Bank & Trust Co. of Nevada	-	-	-	756,098	5	0.25%
Flummerfelt's County Club Estates	-	-	-	721,734	6	0.24%
Nevada Elderly Apartments	-	-	-	685,014	7	0.22%
Golf Properties Inc.	-	-	-	681,524	8	0.22%
Southland Development Co.	-	-	-	649,357	9	0.21%
Eastpark Village Apartments	-	-	-	637,035	10	0.21%
Total	<u>\$ 19,845,566</u>		<u>5.39%</u>	<u>\$ 11,886,501</u>		<u>3.90%</u>

Source: Story County Auditor

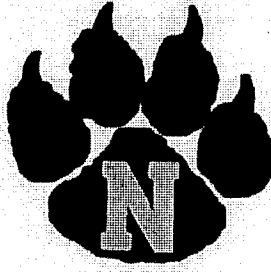
Schedule 11
Nevada Community School District

Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	\$ 3,497,778	\$ 3,505,119	100.21%	\$ -	\$ 3,505,119	100.21%
1999	3,656,180	3,620,941	99.04%	-	3,620,941	99.04%
2000	3,636,463	3,640,211	100.10%	-	3,640,211	100.10%
2001	3,816,204	3,813,920	99.94%	2,697	3,816,617	100.01%
2002	4,071,758	4,063,748	99.80%	2,124	4,065,872	99.86%
2003	3,984,839	3,954,835	99.25%	109	3,954,944	99.25%
2004	4,342,119	4,335,055	99.84%	31,869	4,366,924	100.57%
2005	4,113,720	4,071,818	98.98%	10,184	4,082,002	99.23%
2006	4,433,104	4,457,388	100.55%	-	4,457,388	100.55%
2007	4,456,193	4,505,212	101.10%	198	4,505,410	101.10%

Source: Story County Treasurer and District records.

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Schedule 12
Nevada Community School District

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	General Obligation Bonds	Revenue Bonds	Capital Leases	Capital Loan Notes	Total General Bonded Debt	Percent of Actual Taxable Value of Property (a)	Per Capita (b)
1998	\$ 3,540,000	\$ -	27,924	56,011	3,623,935	1.64%	\$47
1999	3,250,000	-	27,924	42,011	3,319,935	1.46%	\$43
2000	2,950,000	-	-	536,082	3,486,082	1.49%	\$45
2001	2,640,000	-	-	641,748	3,281,748	1.32%	\$41
2002	2,315,000	-	-	530,774	2,845,774	1.08%	\$36
2003	1,985,000	-	-	427,112	2,412,112	0.92%	\$30
2004	1,595,000	-	-	316,660	1,911,660	0.73%	\$24
2005	1,185,000	6,000,000	140,999	204,323	7,530,322	3.21%	\$94
2006	4,870,000	6,000,000	91,489	85,000	11,046,489	4.67%	\$138
2007	4,450,000	5,335,000	218,989	-	10,003,989	4.21%	\$125

Source: School District financial records and Story County Auditor.

Notes: Assessed value equals estimated actual value.

(a) Actual taxable value of property includes Tax Increment Financing valuation.

(b) See Schedule 17 for population data.

Schedule 13
Nevada Community School District

Outstanding Debt by Type
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Governmental Activities						Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Early Retirement	Capital Leases	Revenue Bonds	Capital Loan Notes				
1998	\$ 3,540,000	\$ 47,621	\$ 27,924	\$ -	\$ 56,011	\$ 3,671,556	0.22%	\$	48
1999	3,250,000	73,984	27,924	-	42,011	3,393,919	0.19%		44
2000	2,950,000	37,689	-	-	536,082	3,523,771	0.19%		45
2001	2,640,000	31,848	-	-	641,748	3,313,596	0.17%		42
2002	2,315,000	41,978	-	-	530,774	2,887,752	0.14%		36
2003	1,985,000	43,223	-	-	427,112	2,455,335	0.12%		31
2004	1,595,000	54,043	-	-	316,660	1,965,703	0.09%		24
2005	1,185,000	35,499	140,999	6,000,000	204,323	7,565,821	0.26%		94
2006	4,870,000	43,864	91,489	6,000,000	85,000	11,090,353	0.46%		138
2007	4,450,000	16,181	218,989	5,335,000	-	10,020,170	0.39%		126

Source: School District financial records.

Notes: N/A = not available. Details of the District's outstanding debt can be found in Note 7 in the notes to the financial statements.
(a) See Schedule 17 for personal income and population data. These ratios are calculated using personal income and population for the prior year calendar year.

Schedule 14
Nevada Community School District

Direct and Overlapping Governmental Activities Debt
As of June 30, 2007

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt
Story County	\$ 6,890,000	9.95%	\$ 685,439
City of Nevada	18,744,000	100.00%	18,744,000
Area XI Community College	69,505,000	0.77%	537,992
Subtotal, overlapping debt			<u>19,967,431</u>
District direct debt			10,020,170
Total direct and overlapping debt			<u><u>\$ 29,987,601</u></u>

Source: Taxable value data used to estimate applicable percentages provided by the County Auditor. Debt outstanding data provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the district's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(a) The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

Schedule 15
Nevada Community School District

Legal Debt Margin Information
Last Ten Fiscal Years

(Unaudited)

	1998	1999	2000	2001	2002
Debt limit	\$ 14,864,432	\$ 16,019,510	\$ 15,712,864	\$ 19,121,477	\$ 19,765,998
Total net debt applicable to limit	3,623,935	3,319,935	3,486,082	3,281,748	2,845,774
Legal debt margin	\$ 11,240,497	\$ 12,699,575	\$ 12,226,782	\$ 15,839,729	\$ 16,920,224
Total net debt applicable to the limit as a percentage of debt limit	24.38%	20.72%	22.19%	17.16%	14.40%

Source: School District financial records and Story County Auditor.

Notes:

- (a) Actual assessed value includes Tax Increment Financing
- (b) Code of Iowa Section 296.1

Legal Debt Margin Calculation for Fiscal Year 2007

Actual assessed value (a)	\$ 460,429,463
Debt limit (5% of assessed value) (b)	\$ 23,021,473
Debt applicable to limit	10,003,989
Legal debt margin	\$ 13,017,484

2003	2004	2005	2006	2007
\$ 20,873,890	\$ 21,656,722	\$ 21,109,701	\$ 21,761,450	\$ 23,021,473
2,412,112	1,911,660	7,530,322	11,046,489	10,003,989
\$ 18,461,778	\$ 19,745,062	\$ 13,579,379	\$ 10,714,961	\$ 13,017,484
11.56%	8.83%	35.67%	50.76%	43.46%

Schedule 16
Nevada Community School District

Pledged-Revenue Coverage
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Sales Tax Revenue Bonds				Coverage
	Revenue	Debt Service			
		Principal	Interest		
1998	\$ -	\$ -	\$ -	-	
1999	-	-	-	-	
2000	-	-	-	-	
2001	-	-	-	-	
2002	-	-	-	-	
2003	-	-	-	-	
2004	1,055,437	-	-	-	
2005	1,514,873	-	-	-	
2006	1,362,867	-	122,710	11.11	
2007	1,545,767	665,000	200,053	1.79	

Source: School District financial records.

Notes: Details regarding the District's outstanding debt can be found in Note 7 of the notes to the financial statements.

Schedule 17
Nevada Community School District

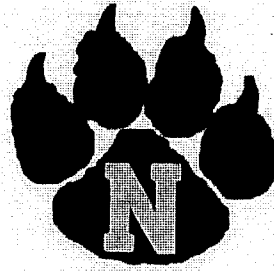
Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

Calendar Year	Population (a)	Personal Income (a) (thousands of dollars)	Per Capita Personal Income	Unemployment Rate (a)
1996	76,937	\$1,661,519	\$21,596	2.70%
1997	77,833	1,771,563	22,761	2.60%
1998	78,221	1,884,374	24,090	2.60%
1999	79,372	1,964,780	24,754	2.10%
2000	80,026	2,066,756	25,826	1.90%
2001	79,553	2,120,643	26,657	2.10%
2002	80,719	2,190,377	27,136	2.50%
2003	80,261	2,880,797	35,893	2.80%
2004	80,239	2,417,680	30,131	3.00%
2005	79,787	2,553,304	32,554	3.30%

Notes:

(a) Bureau of Economic Analysis Web Site

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Schedule 18
Nevada Community School District

Principal Employers
Current Year and Ten Years Ago
(Unaudited)

Employer	2007			1997		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Story County	373	1	3.77%	350	2	3.33%
Burke Marketing	360	2	3.64%	140	5	1.33%
Nevada Community School District	220	3	2.22%	190	3	1.81%
Story County Medical Center	200	4	2.02%	170	4	1.62%
General Financial Supply	125	5	1.26%	95	6	0.90%
Alamco	95	6	0.96%	70	8	0.67%
Mid-America Manufacturing	75	7	0.76%	22	10	0.21%
Paragon International	56	8	0.57%	-	-	-
Printgraphics	55	9	0.56%	85	7	0.81%
City of Nevada	44	10	0.44%	44	9	0.42%
Donnelley Marketing	-	-	-	400	1	3.81%
Total	<u>1,603</u>		<u>16.19%</u>	<u>1,566</u>		<u>11.10%</u>

Source: Nevada Economic Development Council web site

Schedule 19
Nevada Community School District

Full-Time Equivalent District Employees By Type
Last Ten Fiscal Years
(Unaudited)

		Full-Time Equivalent Employees as of June 30				
		1998	1999	2000	2001	2002
Supervisory:						
Superintendent		1.0	1.0	1.0	1.0	1.0
Principals		3.0	3.0	3.0	3.0	3.0
Assistant principals		0.5	1.5	1.5	1.5	1.5
All other administrators		3.5	3.5	4.5	4.5	4.5
Total supervisory		8.0	9.0	10.0	10.0	10.0
Instruction:						
Teachers		106.6	110.0	113.7	115.1	116.7
Teachers' Aides		19.8	25.8	17.5	20.0	25.2
Other		2.5	4.8	4.5	6.0	6.0
Total instruction		128.9	140.6	135.7	141.1	147.9
Student services:						
Counselors		3.5	4.0	4.5	4.0	4.0
Nurses		2.0	2.0	2.0	3.0	3.0
Librarians		3.0	3.0	3.0	3.0	3.0
Total student services		8.5	9.0	9.5	10.0	10.0
Support and administration:						
Office/Clerical		7.5	9.8	8.5	11.0	9.5
Operative		3.6	6.0	11.0	15.0	6.0
Service		8.5	9.5	9.5	30.0	12.0
Other support		3.0	5.3	6.5	6.0	-
Total support and administration		22.6	30.6	35.5	62.0	27.5
Total		168.0	189.2	190.7	223.1	195.4

Source: District records

Full-Time Equivalent Employees as of June 30					Percentage Change 1998 - 2007
2003	2004	2005	2006	2007	
1.0	1.0	1.0	1.0	1.0	0.0%
3.0	3.0	3.0	3.0	3.0	0.0%
1.5	1.5	0.5	0.5	0.3	-50.0%
4.5	3.5	4.5	4.5	4.8	35.7%
10.0	9.0	9.0	9.0	9.0	12.5%
119.2	110.0	106.3	110.7	101.9	-4.5%
29.0	21.0	20.5	25.0	24.0	21.2%
1.5	1.5	1.5	1.5	1.5	-40.0%
149.7	132.5	128.3	137.2	127.4	-1.2%
4.0	4.0	3.3	3.3	3.3	-5.7%
3.0	3.0	2.0	2.0	2.0	0.0%
3.0	2.5	2.5	2.5	2.0	-33.3%
10.0	9.5	7.8	7.8	7.3	-14.1%
5.5	7.5	7.0	6.5	10.5	40.0%
16.5	19.0	10.0	12.0	12.0	233.3%
8.5	7.5	34.5	35.0	19.2	125.9%
12.0	14.5	7.5	2.0	9.5	215.0%
42.5	48.5	59.0	55.5	51.2	126.3%
212.2	199.5	204.1	209.5	194.8	16.0%

Schedule 20
Nevada Community School District

Operating Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Enrollment (1)	Operating Expenditures (2)	Cost Per Pupil	Percentage Change
1998	1,530	\$ 9,371,516	\$ 6,125	8.25%
1999	1,517	10,086,524	6,649	8.55%
2000	1,519	10,829,423	7,129	7.22%
2001	1,435	11,287,409	7,866	10.33%
2002	1,431	12,167,767	8,503	8.10%
2003	1,451	12,409,564	8,552	0.58%
2004	1,392	12,573,722	9,033	5.62%
2005	1,443	12,414,234	8,603	(4.76)%
2006	1,417	12,299,474	8,680	0.89%
2007	1,404	13,168,422	9,379	8.06%

Source: School District financial records and Iowa Department of Education.

Notes: N/A = not available.

(1) Average daily membership

(2) Operating expenditures are total governmental expenditures less debt service and capital outlays.

Expenses	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Priced Meals
N/A	N/A	N/A	106.60	14.35	20.3%
N/A	N/A	N/A	110.00	13.79	22.4%
N/A	N/A	N/A	113.70	13.36	22.4%
N/A	N/A	N/A	115.10	12.47	20.1%
N/A	N/A	N/A	116.70	12.26	21.0%
13,249,611	9,131	N/A	119.20	12.17	20.6%
13,393,429	9,622	5.37%	110.00	12.65	22.5%
13,680,171	9,480	(1.47)%	106.30	13.57	23.4%
14,810,229	10,452	10.25%	105.60	13.42	21.9%
14,386,046	10,246	(1.96)%	101.90	13.78	26.0%

Schedule 21
Nevada Community School District

School Building Information
Last Ten Fiscal Years
(Unaudited)

School	Fiscal Year				
	1998	1999	2000	2001	2002
Elementary:					
Central (2006)					
Square feet	91,000	91,000	91,000	91,000	91,000
Capacity	700	700	700	700	700
Enrollment	635	630	613	599	555
North Central (2006)					
Square feet	-	-	-	-	-
Capacity	-	-	-	-	-
Enrollment	-	-	-	-	-
Middle:					
Nevada Middle School (1991)					
Square feet	73,000	73,000	73,000	73,000	73,000
Capacity	600	600	600	600	600
Enrollment	477	469	498	509	509
High:					
Nevada High School (1962)					
Square feet	115,000	115,000	115,000	115,000	115,000
Capacity	750	750	750	750	750
Enrollment	676	689	709	689	650

Other District Facilities:
 Bus Garage (1988)

Source: District records

Notes: Due to construction, third and fourth grades were housed temporarily in the Middle School during fiscal year 2006. Multiage classes were housed at North Central Elementary.

Fiscal Year				
2003	2004	2005	2006	2007
91,000	91,000	91,000	53,000	103,000
700	700	700	400	800
546	524	548	298	595
-	-	-	12,000	12,000
-	-	-	200	200
-	-	-	131	15
73,000	73,000	73,000	73,000	73,000
600	600	600	600	600
484	471	446	546	546
115,000	115,000	115,000	115,000	115,000
750	750	750	750	750
670	669	641	676	676

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